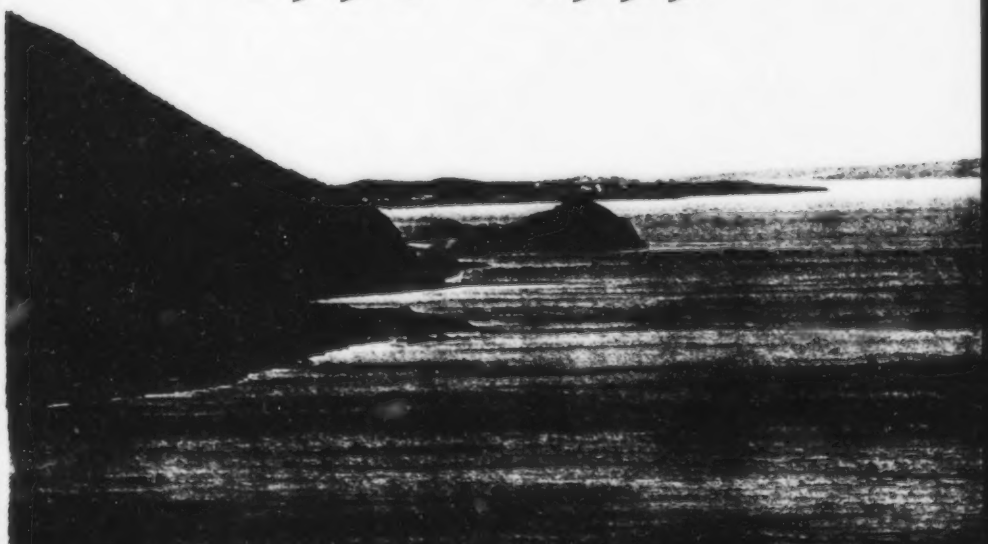
THE NOVA SCOTIA LIQUOR COMMISSION

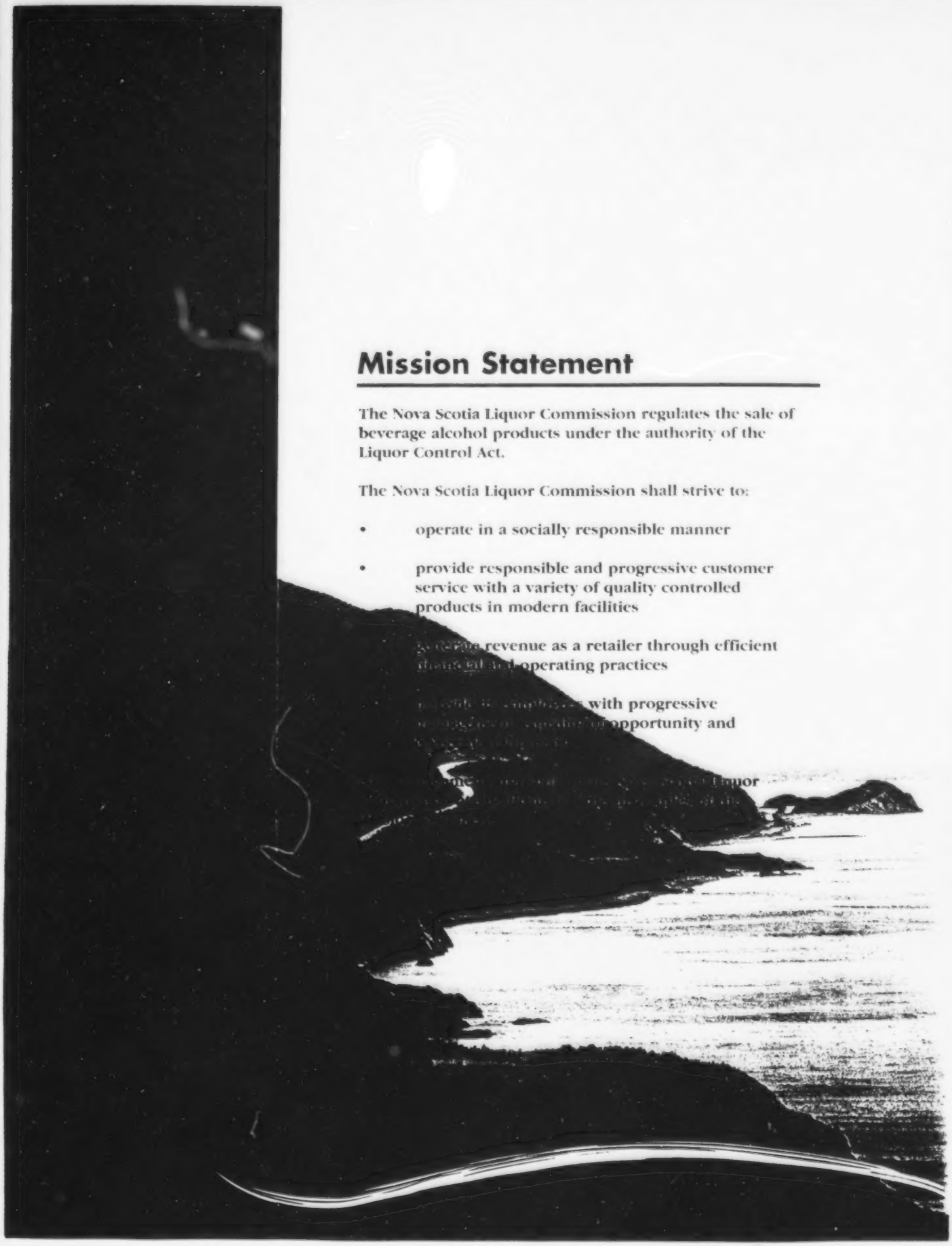
ANNUAL REPORT
1998 - 1999



The Nova Scotia Liquor Commission

69th Annual Report

April 1, 1998
TO
March 31, 1999



Mission Statement

The Nova Scotia Liquor Commission regulates the sale of beverage alcohol products under the authority of the Liquor Control Act.

The Nova Scotia Liquor Commission shall strive to:

- operate in a socially responsible manner
- provide responsible and progressive customer service with a variety of quality controlled products in modern facilities
- [illegible] revenue as a retailer through efficient [illegible] operating practices
- [illegible] with progressive [illegible] opportunity and
- [illegible] Liquor

His Honour
The Honourable
J. James Kinley
Lieutenant Governor
of Nova Scotia

May It Please Your Honour:
I have the honour to submit herewith a Report of the Nova Scotia Liquor Commission for the fiscal year ended March 31, 1999.

Rodney MacDonald

Rodney MacDonald
Minister responsible for the Administration of the
Liquor Control Act.

The Honourable
Rodney MacDonald
Minister responsible for the Administration of the
Liquor Control Act
1800 Argyle Street, Suite 704
Halifax, Nova Scotia

Dear Sir:
I have the honour to submit herewith the Annual Report of the Nova Scotia Liquor Commission for the period April 1, 1998 to March 31, 1999.

Sincerely yours,

Douglas Caldwell,Q.C.

Douglas Caldwell, Q.C.
Chief Commissioner

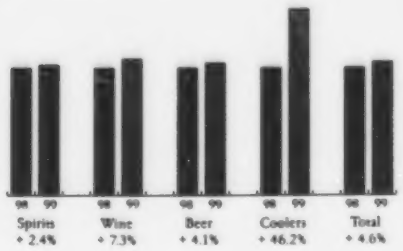
A.R. Sampson
Commissioner

100-05634/

General Manager's Message

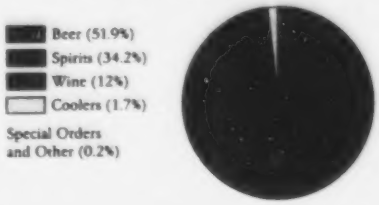
Category Volumes Exceed Recent Historical Trends Resulting In Excellent Financial Performance.

Building on the moderate volume growth achieved during the last fiscal year, 1998/99 total volume increased by 4.6 per cent. All major beverage alcohol categories contributed to this strong volume performance.



These volume gains resulted in sales of $351.7 million dollars, an increase of 5.9% or $19.8 million dollars higher than the previous fiscal year. All distribution channels contributed to these increases with NSLC retail stores achieving sales growth of 5.9%, licensee customers at plus 5.5% while manufacturer's retail stores increased by 12.3%. All regions of the province contributed to this improvement with sales increases ranging from approximately four percent in Cape Breton to seven percent in the Metro Halifax area. There are numerous factors that contributed to the positive 1998/99 performance, ranging from a creeping recovery in the beverage alcohol industry, new product activity, NSLC merchandising programs, supplier programs, store locations and importantly, a buoyant Nova Scotia economy. This positive economic environment has a compounding effect as it allows many of the other efforts by retailers and suppliers to work more effectively.

Source of Gross Sales Revenue



The strong sales performance combined with cost containment enabled the NSLC to generate profits for transfer to the general revenues of the province in the amount of $129.2 million dollars during the fiscal year 1998/99, an increase of 9.1% or $10.8 million over the previous year. The organization has expended significant energy and resources over the past few years to address operating costs, store sizes, and locations, while focusing on merchandising and customer service oriented activities. During a period of any significant volume and sales growth, these efforts produce very positive financial results.

Social Responsibility

The NSLC and its employees are very active in participating in activities that promote responsible use of alcohol and community charitable initiatives. Programs such as Don't Buy for Minors, Safe Graduation, NSLC I.D. Challenge and the Blue Thunder Band continue to be mainstays of these initiatives. This year also saw the expansion of the very successful Colourful Messages Program, involving numerous schools around the province as another important vehicle in delivering responsible use messages.

The critically important enthusiasm of employees in support of fund raising for major charitable efforts such as the United Way, I.W.K. Hospital for Children, and Children's Wish Foundation continues to be strong and much appreciated. A number of other charities are also supported with fund raising either locally or province-wide through activities in both the retail store system and the head office-warehouse location.

Stakeholder Support

A number of positive factors impacted the overall performance of the organization during the year, but it is only with the efforts and participation of our many stakeholders that these results were achieved. We would like to thank our retail customers, our Licensee customers, NSLC Suppliers, Employees throughout the province, and the board of Commissioners for their support and cooperation.

Gary D. Findlay

Gary D. Findlay

1998 - 1999 Annual Report

Customer service remains a top priority and a goal to which the organization is totally committed.

Retail Strategy

NSLC's focus is driven by our commitment to the development of Retail Store Strategies which enhance the overall shopping experience of our customer, and support the NSLC Mission Statement of - **Responsive and Progressive Consumer Service with Efficient Financial and Operating Practices.**

We continue to modify store layouts, designs and display programs to ensure we are providing progressive, modern, upbeat shopping environments in all our retail locations.

We employ Best Business Practices in daily activities, allowing us to deliver improved product selection and availability, enhanced staff training and development focused on product knowledge and service. Signage and display programs are designed to highlight value in selection and price, while improving on our commitment to operate in a responsible and efficient financial manner.

Store in a Store Concept

To complement meal planning, the NSLC has six locations, which are located within major grocery retailers across the province.

Convenient one-stop-shopping to assist with matching wine with your favourite meals or shopping for party beverages has never been easier or more convenient.

Our selection of both domestic and international spirits, beer and wine in these stores is excellent.

These stores are located at:

Halifax – IGA, Quinpool Rd
Halifax- Sobeys, Queen St.
Bedford – Sobeys, Mill Cove
Pugwash – Co-op Atlantic
Amherst –Atlantic Superstore, Main St.
Sydney – Sobeys, Mayflower Mall

Bottle Your Own Wine

This service allows customers to choose from a selection of varietal or blended wine, and have fun in the process of bottling, corking, and custom labelling their purchase. Friendly and knowledgeable staff are on hand for any questions consumers might have, and are quick to assist you with your purchase. A bright and cheerful atmosphere, the ease of the process, the consistent quality and the value of the product, makes the service so popular that it is offered in seven convenient locations across the province:

Halifax (Bayers Lake Business Park)
Dartmouth (Bridge Plaza)
Truro
New Minas
Bridgewater
Sydney River
Port Hawkesbury

In February 1999, the NSLC participated in Brides '99 (Atlantic Canada's largest bridal show), introducing the Bottle Your Own Wine concept to those planning their wedding.

Gift Ideas Galore

The NSLC presented "A World of Holiday Cheer" to customers this year. A full-colour gift catalogue was released with the Winter edition of The NSLC Consumer, featuring many fine offerings for the holiday gift-giving season. Products ranged from a sampler package of Britain's finest ales, to three uniquely golf-inspired decanters of Scotch Whisky, to a three-litre magnum of sparkling wine.

Promoting Excitement

In-store promotions have undeniably added excitement to our customer's retail experience. Programs have provided instant wins of up to $10.00 off a product, an extra 50 ml miniature on many spirits, an extra quart of beer with a 12-pack purchase and even a chance to win a trip to a wonderful resort.

Customers can receive take-home recipe information at the display sites; especially useful for new experiences such as the resurgence of the martini and other cocktails on the social scene. Our Food For Thought unit takes away the mystery of combining wine and food. Our coolers situated at the cash site help remind our customers that possibly a nice bottle of chilled sparkling wine could be added to their purchase.

Throughout the year, price reductions are offered on numerous products - many on our most popular brands.

The NSLC has developed additional merchandising programs to help our suppliers offer a variety of interesting and exciting choices to our customer, such as:

- Red Tag Value (Wine, Beer, and Spirits) - *featuring products of exceptional value*
- Regular Displays
- Supplier Price Reductions
- Instant Redemption Coupons
- Added Value - *purchase a product and receive an item free*
- Impulse Items - *special size products, trial offers*

- Cooler at Cash - *chilled products ready to go and enjoy*
- Miniatures at Cash - *50ml size products*
- Shelf Extenders and Shelf Talkers - *product information beside a featured product*
- In-store Customer Sampling

The Cooler Business is again at the Forefront of our Business Growth

Coolers were introduced in 1981 with the production of the first brand in this category, namely, California Coolers. Since that time there have been many entries of wine based coolers. A Canadian version was launched in 1984 and found a comfortable niche in the market. The spirit industry became interested and began experimenting with different bases and has experienced tremendous growth. In 1988, spirit based coolers broke all sales records in Canada. Sales increased 120% in the first five months of the year compared with 1987. One of the reasons spirit based coolers are moving more rapidly in the marketplace is because of the flexibility of the alcohol base used. The distiller can choose from several options, such as whiskey, rum, gin, tequila, or vodka. This choice of bases makes for several varieties of tastes and flavours. In 1998/99, 17 years since the first cooler (California Cooler), annual growth of this category over the previous year was approximately 46.2%. Although some of this is attributable to new individual listings, the other major contributor is customer preference. How does one explain the cooler's charisma? One theory is that since we are more concerned as a society about fitness and health – a lighter, low alcohol beverage is more popular. Coolers usually have about five percent alcohol volume. In this age of convenience, the cooler's packaging has also helped to increase sales.

Coolers Volume Performance - Last Two Years

	1998/99	1997/98	Percent inc. (dec.)
Spirit Coolers	7,803.6	3,755.6	107.8%
Wine Coolers	2,722.1	3,445.0	(21.0%)
Grand Total	10,525.7	7,200.6	46.2%

The real breakthrough that has fuelled the growth of this category over the last year is the expansion of the target market. Historically, coolers were sweet in taste and targeted towards the female 19-35 year old. Now with the launch of the dry lemonade type coolers, the male 19-35 year old market has been attracted to this category.

Category Management

All products are shelf managed using a custom designed shelf management software program based on retail category management principles. The program lays out the placement of product on the shelves and categories within the store based on a particular product's sales history in a specific store. These category management principles ensure a product selection that meets the demand of the consumer. The NSLC proactively works with suppliers to acquire the types of product suitable for the Nova Scotia market. Each product is subject to a full listing evaluation process, including blind tastings, before it can be sold at the retail level. Additionally, all products are reviewed on an annual basis to determine if there is sufficient demand to continue maintaining them in the market.

Market Research – Store Location

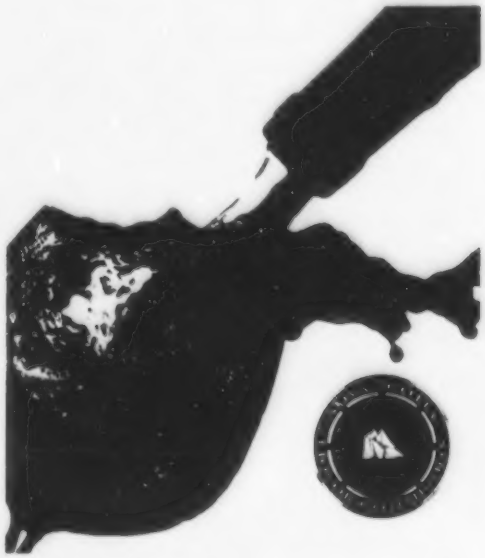
The NSLC has enhanced its ability to analyse store site location and store right-sizing through a Geographical Information System (GIS). In cooperation with external research companies, the program is utilized to address shopping patterns, retail development, population trends, demographics and other key marketing principles.

Port of Wines Festival

Our annual Port of Wine Festival in November 1998 was a great success.

During the week-long event, wine enthusiasts were able to enjoy events such as seminars, a wine-makers dinner and silent auction in addition to the Grand Tastings.

Proceeds from ticket sales and the silent auction netted over nine thousand dollars for the Metro Food Bank, resulting in an enjoyable plus beneficial event for every one involved.



Point of Sale Retail Information System

The Nova Scotia Liquor Commission is one of the major retailers in the province of Nova Scotia. With approximately 15 million store level transactions per year it is paramount that customers walk away from our retail stores satisfied that the level of service is comparable to their positive experiences at other retailers. With the upgrade of our Point of Sale technology the results have met or exceeded our expectations and those of our customers. Integrated debit and credit technology along with scanning has increased the speed and processing of transactions as well as enhanced accuracy. Product information is displayed in more detail and more clearly for the customers as they make their purchase. This new technology will also enable us to merchandise and market our products and services more effectively plus provide timely access to detailed information and data.

Business Partner and Retail Store Communications

All businesses are continuously improving and upgrading their communication tools and technology to run an effective and efficient operation. Communication links among NSLC retail outlets, Head Office and our distribution warehouse facility have been upgraded over the past year as part of our continuous improvement program. The implementation of high speed network communications for placing product orders at our main warehouse facility has not only saved our staff's valuable time; time better utilized to service our customers, but has also improved our product service levels at our retail outlets; ensuring product availability to our

customers. Licensee customers (restaurants, bars, lounges, etc.) also have the option of using our automated network for placing their product orders, any time day or night. Beverage alcohol suppliers have taken advantage of the automated network to receive valuable sales and inventory statistics by retail location.

Ready for the Year 2000

All computers, systems, applications and processors were identified and ranked from basic to critical systems. This formed the basis for our testing plan. By contacting the external vendors of certain products, as well as utilizing our internal resources, all testing has been completed. We are pleased to report that everything will be compliant for the year 2000. Our most critical system is our Point of Sale Retail Information System and our customers can be assured that our retail outlets will be operational and ready to meet their needs. Product selection will not be affected as the major beverage alcohol suppliers have confirmed through responding to our formal year 2000 compliance questions, that they too are ready for the new millennium.

Partnering

The NSLC recognizes and supports its alliances with various interest groups and organizations that our programs and activities affect. Regular meetings and planning sessions are held with key suppliers, agents and associations to discuss positive changes and new programs.

NSLC continues to play a vital role in the development of policy and licensing of beverage alcohol manufacturers in the province of Nova Scotia. The sudden emergence of micro/craft breweries and brewpubs in Nova Scotia resulted in the NSLC working closely with these businesses on various issues in 1998. From the wine sector, the past year has seen the addition of wine content guidelines, a cooperative venture between the industry, NSLC and other government departments.

Managing the Beverage Alcohol Supply Chain

As the retail industry approaches the 21st century, creating strong and effective business relationships with trading partners throughout the supply chain has and will continue to be paramount to NSLC operations. Working closely with suppliers, transport carriers, freight forwarders and other liquor jurisdictions continues to bring benefits to all parties.

Roll-out of Electronic Data Interchange (EDI) continued in 1998-99 with the addition of the distilling industry as trading partners of purchase order and

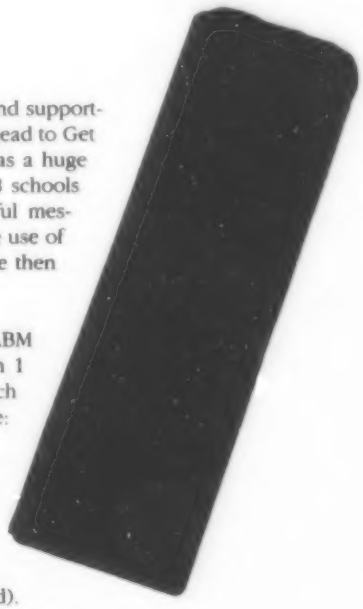
acknowledgement transactions sets. The universal product code (UPC) was adopted as the standard for product identification, which allowed implementation of bar code scanning at point-of-sale with further use planned for distribution centre receiving and order picking. Bar code technology allows for timely and electronic data entry eliminating errors and providing fast throughput. This all contributes to better customer service.

Personnel Recruitment, Development, Training & Safety

The NSLC continues to recruit the most qualified candidates for all positions while ensuring that our obligations under the Affirmative Action Program are met. Our Staffing Policy clearly states that all appointments shall be made on merit, and that all vacant positions will be filled by the most qualified candidate. In recruiting, selecting and hiring candidates for positions, the principles of merit and fairness will be maintained. Competitions are held for all positions, and all hiring and promotions are made based on skill and ability.

Training and development of employees continues to be a priority with the Nova Scotia Liquor Commission, with a large number having completed many of the training modules available. The Nova Scotia Liquor Commission continues to fully support Health and Safety initiatives and ensures that the workplace is safe for our employees and our customers, and that staff are trained to perform their duties in a safe manner.

Social Responsibility
Plan Ahead to Get Home Safe...
Someone Special is Waiting



Presented by the NSLC, co-sponsored by the RCMP, and supported by School Boards across the province, the "Plan Ahead to Get Home Safe...Someone Special is Waiting" program was a huge success. Students in grades 4 - 8 from a total of 188 schools across the province participated by drawing colourful messages with pictures and slogans relating to responsible use of beverage alcohol on plain paper bags. The bags were then used in NSLC stores on December 19th, 1998.

As part of the program, the NSLC together with ABM Systems offered participating classes a chance to win 1 of 3 computer packages. The lucky schools who each won a computer prize valued at over $3000 each were:

- Beechville - Lakeside - Timberlea School (Halifax Regional School Board),
- North River School (Chignecto Central Regional School Board),
- John B. Croak Memorial School (Cape-Breton Victoria Regional School Board).

"This program gives the schools an authentic learning opportunity as the students openly discuss substance abuse and real life decision making. The topic can be integrated into the Health curriculum, which covers personal development and relationships. The program heightens awareness around the holiday season and hopefully increases discussion in the home and in the community."
Gay Rawding, Principal - Riverside Education Centre
(Chignecto Central Regional School Board)

In addition to the Plan Ahead Campaign, the Nova Scotia Liquor Commission also supports the following social responsibility campaigns: Blue Thunder, Don't Buy for Minors Campaign, Safe Graduation, Bacchus Canada Poster Campaign, Ride Dry, Metro Ride Free, Fund Raisers, Crimestoppers/Smuggling, Pregnancy & Alcohol Awareness, Alcohol & Drugs Don't Mix, North America Missing Children Association & Child Find Nova Scotia.

Property Management

Ten stores were renovated and upgraded during the year:

Wolfville	Clyde Street	Dominion	George Street
Port Hawkesbury	Annapolis	Berwick	Rockingham Ridge
Mayflower Mall	Westphal		

The modernization/upgrades that took place in these stores provide improved shopping environments for our customers, as well as retail environments that will assist in maximizing sales. Two stores identified in our physical resource program were right-sized. The stores in Pictou and Truro were right-sized allowing the NSLC to create modern retail environments for the customer and improve product merchandising.

The physical resource program which addresses the short and long-term strategic planning of NSLC facilities has, since its inception in 1993, allowed the NSLC to implement consistent guidelines and criteria for maximizing efficient space utilization of new, renovated, or existing NSLC store facilities. Since 1993 the NSLC has added seven additional new stores, while at the same time reducing its space inventory by approximately 80,000 sq. ft.

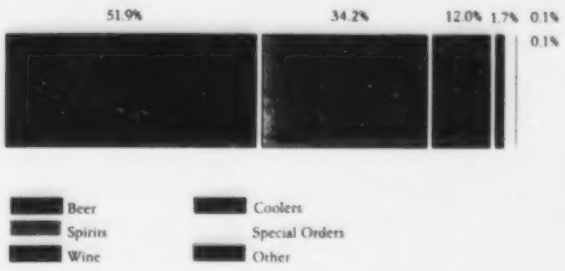
The Property Management Division is responsible for providing safe, accessible, and nonhazardous environments for both its customers and staff. During the past year, the Division continued the process of placing automatic door systems throughout the stores. By the year 2000, all stores will have received the automatic door systems. The Division continued to be pro-active in its Energy Management Program. This program which began in 1993/94, continues to have a positive effect on bottom line results while at the same time allowing the NSLC to be socially responsible. The process of Energy Management is ongoing with the implementation of new technologies included in any renovation or retrofit of NSLC facilities. In 1998, our total kilowatt hours used were 14,145,771 compared to the 1997 kilowatt hours of 15,008,602. This represents a decrease of 862,831 kilowatt hours. The dollar decrease was 86 thousand for 1998 over the previous year. When the program began in 1993/94 the energy costs throughout the store system was approximately 1.7 million dollars. This annualized cost is now approximately 1.3 million dollars. Since the inception of this program, the NSLC has also added seven additional stores, as well as adding additional lighting and mechanical systems throughout the majority of its store system.

Source of Gross Sales Revenue

All categories, other than Non-Liquor, have increased from 1998. Contribution of Wine, Beer and Coolers have increased 0.6%, 0.1% and 0.4% respectively.
(Dollars to the nearest 000s)
(Includes producer sales)

1999	$	%
Spirits	$120,258.6	34.2%
Wine	$42,231.1	12.0%
Beer	$182,426.9	51.9%
Coolers	$6,007.1	1.7%
Other	$328.1	0.1%
Special Orders	$477.5	0.1%
Total	**$351,729.3**	**100.0%**

Source of Gross Sales Revenue

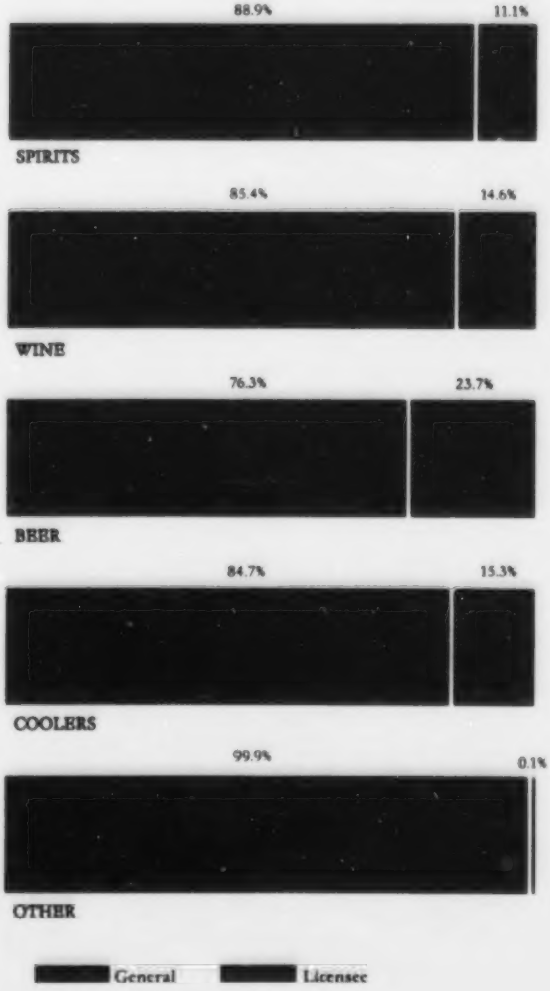


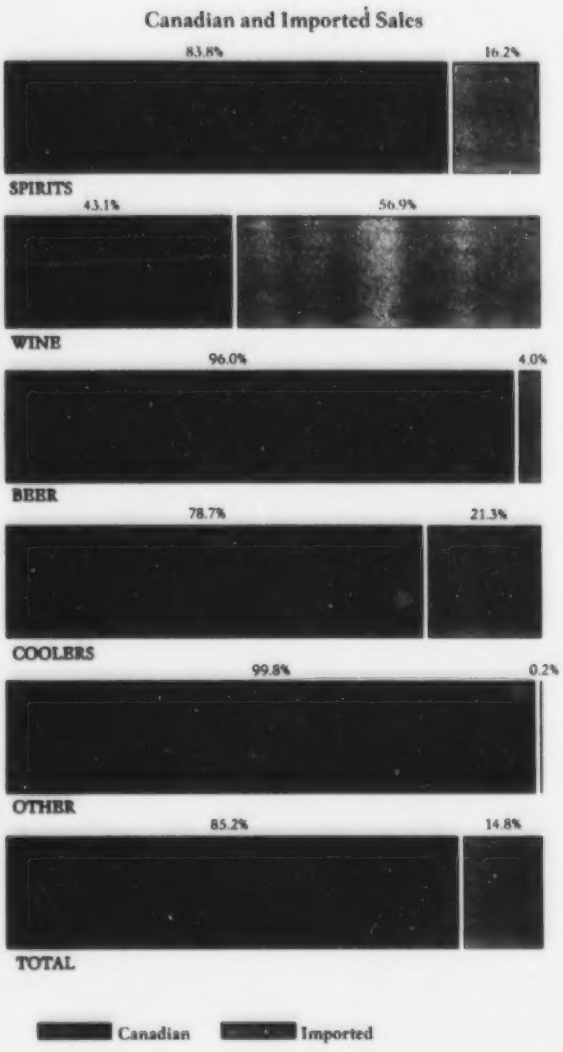
General - Licensee Sales

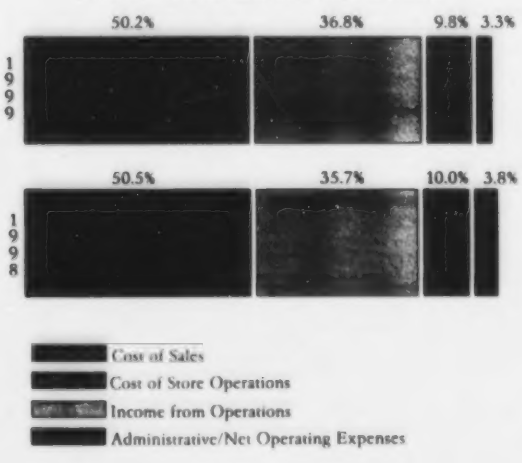
General sales dollars increased 5.91% over last year. Licensee sales dollars are up from last year, 5.47%.
(Dollars to the nearest 000s)

	1999	
Spirits	**$**	**%**
General	$106,857.1	88.9%
Licensee	$13,370.1	11.1%
Total	**$120,227.2**	**100.0%**
Wine	**$**	**%**
General	$35,338.9	85.4%
Licensee	$6,024.1	14.6%
Total	**$41,363.0**	**100.0%**
Beer	**$**	**%**
General	$135,971.7	76.3%
Licensee	$42,236.0	23.7%
Total	**$178,207.7**	**100.0%**
Coolers	**$**	**%**
General	$5,086.6	84.7%
Licensee	$920.4	15.3%
Total	**$6,007.1**	**100.0%**
Other	**$**	**%**
General	$327.9	99.9%
Licensee	$0.2	0.1%
Total	**$328.1**	**100.0%**
Total	**$**	**%**
General	$283,582.3	80.6%
Licensee	$62,550.8	17.8%
Total	**$346,133.1**	**98.4%**
Special Orders	$477.5	0.1%
Producer	$5118.7	1.5%
Total Sales	**$351,729.3**	**100.0%**

General - Licensee Sales







Canadian and Imported Sales

Canadian products account for 85.2% of all products sold; 14.8% are imported. Imports have increased their share by 0.3% over last year.
(Dollars to the nearest 000s)

	1999	
Spirits	**$**	**%**
Canadian	$100,738.0	83.8%
Imported	$19,489.2	16.2%
Total	**$120,227.2**	**100.0%**
Wine	**$**	**%**
Canadian	$17,846.8	43.1%
Imported	$23,516.1	56.9%
Total	**$41,363.0**	**100.0%**
Beer	**$**	**%**
Canadian	$171,145.5	96.0%
Imported	$7,062.3	4.0%
Total	**$178,207.7**	**100.0%**
Coolers	**$**	**%**
Canadian	$4,725.4	78.7%
Imported	$1,281.6	21.3%
Total	**$6,007.1**	**100.0%**
Other	**$**	**%**
Canadian	$327.6	99.8%
Imported	$0.5	0.2%
Total	**$328.1**	**100.0%**
Total	**$**	**%**
Canadian	$294,783.3	85.2%
Imported	$51,349.8	14.8%
Total	$346,133.1	**100.00%**
Special Orders	$477.5	
Producer	$5,118.7	
Total Sales	**$351,729.3**	

Distribution of Sales Revenue Dollars

Two Year Comparison (Relatively Stable).
Income from Operations increased as a percentage of sales from 1998 by 1.1%. Our Gross Profit percentage to sales has increased 0.3% from 1998.
(Dollars to the nearest 000s)

1999	**$**	**%**
Cost of Sales	$176,451.4	50.2%
Cost of Store Operations	$34,494.4	9.8%
Warehouse & Distribution	$6,487.3	1.8%
Administrative Expense	$9,180.9	2.6%
Other Revenue/Expense	$(4,968.9)	(1.4%)
Income from Operations	$129,223.4	36.8%
Usual Item	$793.5	0.2%
1998	**$**	**%**
Cost of Sales	$167,562.7	50.5%
Cost of Store Operations	$33,269.3	10.0%
Warehouse & Distribution	$6,258.9	1.9%
Administrative Expense	$10,024.9	3.0%
Other Revenue/Expense	($4,681.75)	(1.4%)
Income from Operations	$118,428.5	35.7%
Usual Item	$1,005.2	0.3%

Five Year Sales Comparison

The Spirit category has shown an increase for the second consecutive year. Wine continues to grow. All other categories have shown modest growth in the last three years.
(Dollars to the nearest 000s)
(Includes producer sales)

By Class of Sales

Year	Spirits	Wine	Beer	Coolers	Other	Special Orders	Total
98-99	$120,258.6	$42,231.1	$182,426.9	$6,007.1	$328.1	$477.5	$351,729.3
97-98	$117,025.4	$38,012.0	$172,019.8	$4,203.8	$353.4	$400.7	$332,015.2
96-97	$115,810.9	$34,446.6	$169,119.7	$3,906.9	$290.4	$298.3	$323,872.8
95-96	$115,873.4	$31,386.7	$168,974.4	$3,374.7	$213.5	$317.4	$320,140.1
94-95	$117,357.7	$30,288.3	$169,346.5	$3,056.1	$145.6		$320,194.2

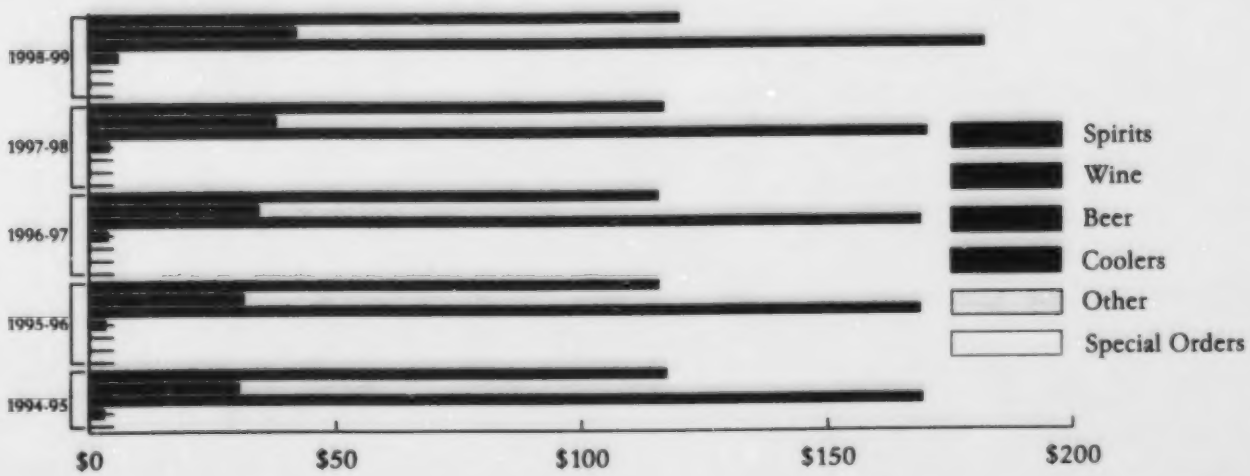
Cdn. vs. Imp.-Gross Liquor Revenue

Year		Spirits	Wine	Beer	Coolers	Other	Special Orders	Total
Cdn.	98-99	$100,769.4	$18,714.9	$175,364.6	$4,725.4	$327.6	N/A	$299,902.0
Imp.		$19,489.2	$23,516.1	$7,062.3	$1,281.6	$0.5	N/A	$51,349.8
Cdn.	97-98	$98,077.9	$15,945.6	$166,785.0	$2,918.9	$351.6	N/A	$284,079.0
Imp.		$18,947.5	$22,066.4	$5,234.8	$1,284.8	$1.8	N/A	$47,535.4
Cdn.	96-97	$97,634.3	$14,708.5	$163,735.4	$2,008.6	$289.5	N/A	$278,376.2
Imp.		$18,176.7	$19,738.1	$5,384.3	$1,898.4	$0.8	N/A	$45,198.3
Cdn.	95-96	$98,268.2	$13,333.0	$164,564.5	$2,030.7	$213.5	N/A	$278,409.9
Imp.		$17,605.2	$18,053.7	$4,410.0	$1,344.0	$0.0	N/A	$41,412.9
Cdn.	94-95	$99,750.1	$13,507.2	$166,939.1	$3,056.1	$144.0		$283,396.5
Imp.		$17,607.5	$16,781.3	$2,407.4	$0.0	$1.5		$36,797.7

Licensee Sales

Year	Spirits	Wine	Beer	Coolers	Other	Special Orders	Total
98-99	$13,370.1	$6,024.1	$42,236.0	$920.4	$0.2	N/A	$62,550.8
97-98	$12,781.2	$5,541.0	$40,467.0	$519.1	$0.5	N/A	$59,308.7
96-97	$11,372.7	$4,774.2	$37,900.0	$379.6	N/A	N/A	$54,426.5
95-96	$11,240.0	$4,156.4	$37,185.0	$361.6	N/A	N/A	$52,943.0
94-95	$11,849.2	$3,946.4	$37,391.4	$362.2	N/A	N/A	$53,549.2

By Class of Sales - in millions of dollars



Sale of Alcoholic Beverages by Volume Per Capita

(Litres per capita -- 15 years and over -- 5 year comparison)

Overall consumption of alcoholic beverages across Canada, excluding wine and spirits, has been declining since 1994. Wine has increased consumption from 1995 to 1999.

Spirits

	1994	1995	1996	1997	1998
Newfoundland	7.3	7.1	7.0	6.8	6.8
Prince Edward Island	6.4	6.5	5.9	6.5	5.3
Nova Scotia	7.1	6.8	6.8	6.7	6.7
New Brunswick	5.4	5.4	5.3	5.3	5.4
Quebec	2.5	2.5	2.5	2.5	2.5
Ontario	5.7	5.6	5.7	5.7	6.3
Manitoba	7.9	8.1	8.1	7.9	8.0
Saskatchewan	7.4	7.5	7.6	7.5	7.7
Alberta	8.4	8.0	7.7	7.7	7.9
British Columbia	7.2	7.1	6.7	6.8	6.9
Yukon	11.0	11.1	11.4	11.9	12.6
Northwest Territories	10.2	10.1	9.4	9.5	10
Total	5.5	5.5	5.4	5.4	5.7

Beer

	1994	1995	1996	1997	1998
Newfoundland	100.9	94.2	91.4	89.5	86.0
Prince Edward Island	77.2	74.4	75.6	79.6	74.2
Nova Scotia	78.5	75.5	74.6	73.6	73.8
New Brunswick	76.9	76.8	76.7	74.2	74.8
Quebec	90.6	91.0	91.0	87.8	87.5
Ontario	85.8	85.7	85.3	91.6	91.0
Manitoba	77.9	77.4	77.0	75.8	76.7
Saskatchewan	68.4	69.7	70.8	69.5	71.9
Alberta	84	88.0	86.7	84.9	88.5
British Columbia	92.0	90.0	85.6	84.0	82.5
Yukon	141.0	142.7	145.9	151.1	146.8
Northwest Territories	88.7	89.2	80.9	81.7	78.2
Total	87.1	86.5	85.7	82.9	82.8

Wine

	1994	1995	1996	1997	1998
Newfoundland	3.6	3.5	3.5	3.6	3.8
Prince Edward Island	4.9	4.9	4.6	5.5	5.7
Nova Scotia	5.8	5.6	5.7	6.0	6.5
New Brunswick	4.7	4.6	4.8	5.0	5.4
Quebec	12.0	12.1	12.4	12.9	13.0
Ontario	9.0	9.2	9.5	9.8	10.0
Manitoba	6.0	6.1	6.3	6.6	6.9
Saskatchewan	4.3	4.2	4.3	4.4	4.6
Alberta	9.7	9.4	9.4	10.1	11.1
British Columbia	14.9	14.7	14.4	14.3	14.0
Yukon	16.6	16.9	17.3	19.0	18.8
Northwest Territories	5.8	5.7	5.3	5.5	6.4
Total	9.9	10.0	10.2	10.6	10.7

All Alcoholic Beverages

	1994	1995	1996	1997	1998
Newfoundland	111.8	104.8	101.9	100.0	96.6
Prince Edward Island	88.5	85.8	86.1	91.6	86.2
Nova Scotia	91.4	87.9	87.1	86.2	86.9
New Brunswick	87.0	86.8	86.8	84.5	85.5
Quebec	105.1	105.7	105.9	103.2	103.0
Ontario	100.5	100.4	100.5	97.1	97.2
Manitoba	91.8	91.6	91.4	90.3	91.7
Saskatchewan	80.2	81.4	82.6	81.5	84.3
Alberta	107.6	105.4	103.9	102.7	107.5
British Columbia	114.1	111.8	106.7	105.2	103.5
Yukon	168.6	170.8	174.5	182.0	178.3
Northwest Territories	104.7	105.0	95.7	96.7	94.6
Total	102.6	102.0	101.3	98.9	98.2

Note:

1. All figures based on the Fiscal year ended March 31, except for the Alberta Liquor Control Board which ends nearest to December 31.
2. These figures contain revisions based on the 1991 census estimates.

Source:

The Control and Sale of Alcoholic Beverages in Canada, Fiscal Year Ended March 31, 1998.
Public Institutions Division, Statistics Canada (Cat. #63-202). Table 1.4, Page 27.

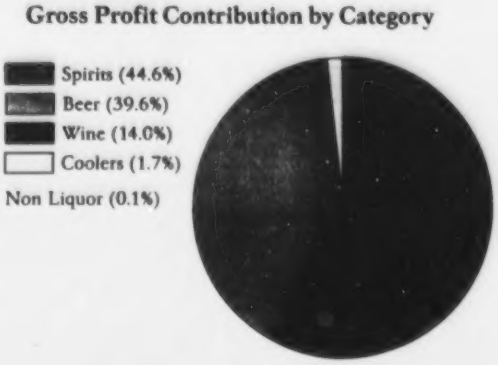
Sales in Hectolitres - Five Years

(Approximate Hectolitres - includes producer outlets.)
Spirits and Beer volumes have increased for the second year in a row.
Imported wine has been steadily increasing in volume since 1994/95

	1998/99		1997/98		1996/97		1995/96		1994/95	
Spirits										
Canadian	40,668.4		40,058.6		40,449.9		41,221.7		41,513.5	
Imported	7,553.3		7,014.7		6,621.9		6,684.2		6,687.5	
Total	48,221.6	**6.9%**	47,073.2	**7.1%**	47,071.8	**7.2%**	47,905.9	**7.3%**	48,201.0	**7.3%**
Wine										
Canadian	25,406.9		24,703.6		23,290.0		20,844.6		21,066.7	
Imported	22,681.9		20,109.8		18,945.0		18,807.8		17,855.8	
Total	48,088.8	**6.9%**	44,813.4	**6.7%**	42,235.0	**6.4%**	39,652.4	**6.0%**	38,922.5	**5.9%**
Beer										
Canadian	569,277.9		552,781.5		544,260.4		550,124.7		561,091.2	
Imported	19,178.4		12,577.4		14,377.6		11,973.2		5,802.9	
Total	588,456.3	**84.6%**	565,358.9	**85.1%**	558,638.0	**85.3%**	562,097.9	**85.6%**	566,894.1	**85.8%**
Coolers										
Canadian	8,458.0		5,161.8		4,227.2		4,491.5		6,374.8	
Imported	2,067.7		2,038.8		2,827.9		2,180.0		0.0	
Total	10,525.7	**1.5%**	7,200.6	**1.1%**	7,055.1	**1.1%**	6,671.5	**1.0%**	6,374.8	**1.0%**
Other										
Canadian	0.0		0.0		0.0		0.0		0.0	
Imported	0.9		2.2		2.0		0.0		9.7	
Total	0.9	**0.0%**	2.2	**0.0%**	2.0	**0.0%**	0.0	**0.0%**	9.7	**0.0%**
Grand Total:	695,293.3	**100%**	664,446.1	**100%**	655,001.9	**100%**	656,327.7	**100%**	660,402.1	**100%**

Gross Profit Contribution by Category

Customers' interest in wine is continuing to build. Wine has once again increased it's gross profit contribution by almost 1%. Coolers have also increased their share. While this shift in gross profit contribution is noticed marginally with Beer, Spirits dropped by 1.1%.



Sales by Stores (March 31, 1999)

Largest Sales Halifax Area.....Downsview Plaza
Largest Sales Dartmouth Area.....Westphal
Largest Sales Eastern & Northern.....Truro
Largest Sales Cape Breton Area.....Sydney River
Largest Sales Valley & South Shore.....Bridgewater

Largest Spirits Sales.....Antigonish
Largest Wine Sales.....Port of Wines II
Largest Beer Sales.....Sydney River
Largest Cooler Sales.....Elmsdale
Largest Sales - All Stores - All Categories.....Sydney River

REGION 1 - HALIFAX

Store Number & Name	SPIRITS	WINE	BEER	COOLER	OTHER	TOTAL
104 - Agricola Street	$2,477,959.34	$1,644,497.24	$3,483,566.80	$126,252.63	$6,643.26	$7,738,919.27
108 - Bayers Lake	1,219,295.25	1,215,028.26	2,100,831.84	68,072.83	29,993.13	4,633,221.31
110 - Bayers Road	1,563,265.89	426,745.18	1,499,982.60	56,494.31	1,624.79	3,548,112.77
115 - Chester	1,107,501.79	412,853.42	1,389,296.95	44,889.25	2,808.71	2,957,350.12
120 - Clyde Street	1,780,942.98	1,221,047.01	2,712,957.67	143,018.33	7,195.44	5,865,161.43
123 - Queen Street	1,091,522.28	868,624.42	856,072.56	60,432.95	3,480.55	2,880,132.76
125 - Hubbards	522,193.38	181,128.89	687,333.72	17,950.44	659.49	1,409,265.92
130 - Hantsport	294,255.26	63,562.14	404,502.75	9,390.82	381.98	772,092.95
145 - Halifax Shopping Ctr.	1,496,159.20	862,552.67	1,166,337.12	89,848.95	6,849.52	3,621,747.46
152 - Kempt Road	1,052,438.57	350,231.08	1,324,955.29	37,257.43	1,894.55	2,766,776.92
160 - Port of Wines II	270,298.40	2,218,078.57	108,179.20	0.00	33,614.77	2,630,170.94
165 - Quinpool IGA	1,185,767.99	1,174,955.08	980,043.08	58,340.77	3,798.64	3,402,905.56
170 - Rockingham Ridge	2,550,071.45	1,195,947.21	3,107,551.17	143,947.61	6,690.28	7,004,207.72
176 - Downsview Plaza	3,330,005.09	843,050.20	5,393,591.05	205,746.09	6,719.89	9,779,112.32
180 - Scotia Square	648,240.93	436,386.48	375,837.52	26,510.37	8,966.48	1,495,941.78
185 - Spryfield	1,983,210.57	544,061.14	3,230,396.01	81,431.06	2,802.86	5,841,901.64
193 - Bedford Sunnyside	809,563.30	593,748.11	600,377.98	34,678.21	2,314.48	2,040,682.08
195 - Tantallon	1,757,796.46	813,298.42	2,395,287.44	82,674.64	7,446.15	5,056,503.11
196 - Windsor	1,693,536.11	342,887.41	2,563,184.04	86,648.49	3,960.00	4,690,216.05
199 - Halifax Licensee	5,377,482.14	3,304,024.68	17,325,100.84	342,975.11	26.95	26,349,609.72
TOTAL REGION 1	$32,211,506.38	$18,712,707.61	$51,705,385.63	$1,716,560.29	$137,871.92	$104,484,031.83

REGION 2 - DARTMOUTH

Store Number & Name	SPIRITS	WINE	BEER	COOLER	OTHER	TOTAL
201 - Airport	$585,846.97	$371,405.06	$448,848.29	$7,933.50	$12,972.91	$1,427,006.73
202 - Bedford Place	1,836,760.81	985,103.09	2,186,148.89	87,402.42	3,738.99	5,099,154.20
209 - Bridge Plaza	2,279,209.35	945,927.68	3,707,888.78	108,350.06	9,911.58	7,051,287.45
210 - Burnside	732,498.82	178,977.43	1,108,082.34	33,344.61	1,317.10	2,054,220.30
213 - Penhorn Mall	1,136,940.70	544,160.19	593,099.23	50,453.76	3,247.48	2,327,901.36
219 - Westphal	3,016,812.09	998,593.25	4,387,157.23	169,712.05	5,694.26	8,577,968.88
220 - Mic Mac Mall	1,109,318.72	681,644.62	454,969.40	49,242.02	6,112.57	2,301,287.33
222 - Kennetcook	352,294.20	30,358.68	653,716.57	14,705.01	767.61	1,051,842.07
223 - Elmsdale	1,630,600.81	366,551.46	2,574,797.59	224,141.64	1,256.91	4,797,348.41
227 - Forest Hills	3,002,722.56	1,036,310.06	4,268,698.24	184,320.32	3,822.70	8,495,873.88
270 - Porters Lake	865,628.66	167,449.31	1,299,331.72	38,458.76	1,291.03	2,372,159.48
280 - Sheet Harbour	475,867.97	82,365.90	618,693.91	17,513.18	1,095.51	1,195,536.47
285 - Stewiacke	599,423.23	96,333.74	1,071,882.84	125,757.57	846.93	1,894,244.31
286 - Middle Musquodoboit	311,216.30	37,371.36	399,869.56	12,438.19	674.97	761,570.38
290 - Eastern Passage	870,832.89	191,608.42	1,602,306.10	54,970.09	1,884.56	2,721,602.06
297 - Musquodoboit Harbour	754,654.43	153,712.45	840,016.13	25,920.78	655.85	1,774,959.64
TOTAL REGION 2	$19,560,628.51	$6,867,872.70	$26,215,506.82	$1,204,663.96	$55,290.96	$53,903,962.95

REGION 3 - EASTERN AND NORTHERN

Store Number & Name	SPIRITS	WINE	BEER	COOLER	OTHER	TOTAL
301 - Amherst	$882,681.87	$230,995.14	$2,132,735.16	$70,119.44	$4,403.85	$5,320,935.44
302 - Amherst Mall	793,739.61	221,337.04	1,178,937.84	59,110.87	1,492.00	2,254,617.36
303 - Antigonish	3,634,893.10	860,193.65	4,687,548.07	142,698.76	4,428.93	9,329,762.51
310 - Bible Hill	1,020,584.65	179,375.03	1,564,575.07	51,862.63	742.76	2,817,140.14
312 - Canso	364,837.21	44,433.45	570,611.72	14,965.74	993.96	995,842.08
317 - Guysborough	446,747.84	97,028.65	627,032.45	14,332.36	628.94	1,185,770.24
322 - Joggins	102,775.84	11,866.69	295,289.96	7,570.46	110.95	417,613.90
338 - Oxford	300,416.74	57,130.65	507,122.84	17,173.90	740.55	882,584.68
340 - Mulgrave	305,252.23	44,459.75	503,011.46	10,192.34	337.16	863,252.94
343 - Parrsboro	379,384.62	79,528.72	780,495.70	21,921.95	816.70	1,262,147.69
345 - New Glasgow	3,031,204.33	715,507.24	4,598,061.71	149,866.46	4,994.51	8,499,634.25
348 - Pictou	1,176,253.65	259,243.17	1,570,934.55	43,376.75	2,515.99	3,052,324.11
353 - Pugwash	444,758.33	93,756.12	677,371.91	22,642.77	925.12	1,239,454.25
358 - River John	238,312.08	46,553.26	431,364.81	9,712.15	304.93	726,247.23
367 - Springhill	427,713.59	72,844.77	934,872.83	29,400.86	422.02	1,465,254.07
370 - Sherbrooke	290,231.86	67,132.95	435,465.40	12,542.12	859.67	806,232.00
375 - Stellarton	951,078.19	156,782.91	1,361,472.97	30,992.51	660.96	2,500,987.54
382 - Tatamagouche	522,987.87	115,667.41	1,002,241.79	25,692.25	873.71	1,667,463.03
387 - Trenton	524,421.33	83,964.89	893,322.88	19,342.27	359.90	1,521,411.27
392 - Truro	3,349,679.26	842,033.40	5,296,620.16	210,325.10	11,911.27	9,710,569.19
394 - Truro Mall	1,183,738.19	232,363.71	1,102,598.81	65,459.64	904.42	2,585,064.77
397 - Westville	655,039.90	88,405.26	1,464,198.25	28,688.62	1,178.30	2,237,510.33
TOTAL REGION 3	$21,026,732.29	$4,600,603.86	$32,615,886.34	$1,057,989.75	$40,606.58	$59,341,818.82

REGION 4 - CAPE BRETON

Store Number & Name	SPIRITS	WINE	BEER	COOLER	OTHER	TOTAL
407 - Arichat	$608,083.77	$81,279.92	$791,300.02	$17,773.81	$1,352.72	1,499,790.24
408 - Baddeck	958,493.05	323,805.07	1,299,785.73	34,648.53	2,984.26	2,619,716.64
413 - Cheticamp	561,247.71	153,873.43	969,675.39	27,252.18	1,326.05	1,713,374.76
418 - Dominion	391,509.67	49,640.56	770,389.32	17,800.22	525.07	1,229,864.84
426 - Glace Bay	2,546,514.25	316,711.80	4,911,857.56	122,662.42	2,089.00	7,899,835.03
431 - Ingonish	557,887.89	193,987.65	767,516.78	27,578.23	1,683.61	1,548,654.16
436 - Inverness	719,887.70	138,702.10	1,115,056.67	20,478.65	1,091.27	1,995,216.39
441 - Louisbourg	365,637.16	57,141.31	537,836.12	14,907.81	701.16	976,225.56
445 - New Waterford	1,112,836.81	140,127.27	2,659,513.64	51,903.60	1,984.09	3,966,365.41
451 - North Sydney	1,961,540.69	307,655.28	2,717,913.39	96,156.22	1,580.97	5,084,846.55
455 - Port Hawkesbury	2,180,216.75	456,709.74	2,929,026.17	72,822.86	8,845.04	5,647,620.56
460 - Port Hood	645,676.12	91,214.95	668,414.09	12,882.53	1,206.51	1,419,394.20
477 - St. Peters	610,954.89	109,729.63	1,057,753.58	26,513.24	721.59	1,805,672.93
479 - Sydney	1,748,083.76	418,997.70	2,130,105.32	55,804.74	2,734.33	4,355,725.85
480 - Mayflower Mall	656,339.22	200,956.61	245,553.63	20,797.51	1,564.59	1,125,211.56
481 - Syndey K.Mart Plaza	2,113,380.71	375,207.62	3,083,489.55	86,656.78	1,984.90	5,660,719.56
483 - Whitney Pier	544,909.48	73,992.15	947,432.96	14,975.94	312.33	1,581,622.86
490 - Sydney Mines	976,344.77	123,077.66	2,235,216.80	50,846.38	1,513.16	3,386,998.77
496 - Sydney River	3,642,840.81	1,015,553.71	6,050,391.18	171,870.60	11,376.66	10,892,032.96
TOTAL REGION 4	$22,902,385.21	$4,628,364.16	$35,888,227.90	$944,332.25	$45,577.31	$64,408,886.83

REGION 5 - VALLEY & SOUTH SHORE

Store Number & Name	SPIRITS	WINE	BEER	COOLER	OTHER	TOTAL
501 - Annapolis	$674,856.06	$263,424.31	$902,416.04	$30,839.56	$940.12	$1,872,476.09
504 - Barrington Passage	907,688.60	82,104.13	1,032,650.26	46,756.85	986.88	2,070,186.72
505 - Bridgewater	2,666,015.80	807,654.47	3,617,937.55	112,851.87	8,989.63	7,213,449.32
506 - Bridgewater Mall	996,222.36	249,031.81	486,725.97	40,271.14	1,359.55	1,773,610.83
509 - Caledonia	281,393.76	52,315.49	369,988.03	13,346.50	340.75	717,384.53
511 - Berwick	909,457.72	188,647.74	1,391,016.25	37,837.07	1,281.44	2,528,240.22
515 - Bridgetown	398,038.61	88,341.18	598,290.97	19,108.35	859.68	1,104,638.79
520 - Digby	1,350,052.38	353,239.14	1,801,412.78	53,965.84	3,761.41	3,562,431.55
546 - Kentville	1,659,005.75	466,352.76	2,813,035.65	86,279.77	2,163.54	5,026,837.47
548 - Kingston	1,476,657.83	414,009.43	2,500,997.15	93,701.86	3,838.23	4,489,204.50
555 - Liverpool	1,447,340.99	298,736.81	1,570,419.81	40,062.81	871.87	3,357,432.29
560 - Lockeport	302,298.61	31,805.13	267,421.45	10,569.65	365.85	612,460.69
565 - Lunenburg	1,240,885.50	411,295.29	1,158,565.70	32,759.91	3,344.55	2,846,850.95
570 - Mahone Bay	818,757.52	308,671.70	1,006,812.41	28,456.98	1,492.56	2,164,191.17
572 - Meteghan	829,594.97	162,887.27	1,364,957.55	28,539.99	845.85	2,386,825.63
573 - Middleton	693,277.29	168,994.20	985,625.19	35,654.16	2,038.61	1,885,589.45
574 - New Minas	1,857,770.89	612,383.28	2,432,637.85	122,036.88	8,514.31	5,033,343.21
575 - New Germany	391,939.19	62,432.76	593,872.28	13,141.54	571.60	1,061,957.37
585 - Shelburne	866,097.36	173,588.39	1,025,960.06	41,845.18	1,142.97	2,108,633.96
590 - West Pubnico	429,410.18	50,315.79	311,686.22	9,915.76	421.87	801,749.82
591 - Weymouth	479,805.46	87,675.69	846,958.04	16,862.98	641.32	1,431,943.49
595 - Wolfville	911,447.25	571,237.92	1,234,048.91	58,905.90	1,717.19	2,777,357.17
598 - Yarmouth	2,937,947.07	648,260.95	3,469,303.80	109,810.20	2,274.95	7,167,596.97
TOTAL REGION 5	$24,525,961.15	$6,553,405.64	$31,782,739.92	$1,083,520.75	$48,764.73	$63,994,392.19
TOTAL STORES	$120,227,213.54	$41,362,953.97	$178,207,746.61	$6,007,067.00	$328,111.50	$346,133,092.62
PRODUCER SALES	$31,403.52	$868,138.48	$4,219,129.84			$5,118,671.84
GRAND TOTAL SALES	$120,258,617.06	$42,231,092.45	$182,426,876.45	$6,007,067.00	$328,111.50	$351,251,764.46

Financial Statements of

THE NOVA SCOTIA LIQUOR COMMISSION

Year ended March 31, 1999

AUDITORS' REPORT
To the Honourable Minister
in Charge of Administration
Liquor Control Act
Province of Nova Scotia
Halifax, Nova Scotia

We have audited the balance sheet of The Nova Scotia Liquor Commission as at March 31, 1999 and the statements of income and changes in financial position for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of The Nova Scotia Liquor Commission as at March 31, 1999 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

KPMG

Chartered Accountants

Halifax, Canada
June 11, 1999

THE NOVA SCOTIA LIQUOR COMMISSION
Balance Sheet

March 31, 1999, with comparative figures for 1998
(In thousands of dollars)

Assets	1999	1998
Current assets:		
Cash	3,808	2,628
Accounts receivable	2,215	1,877
Inventories of stock in warehouse and stores	15,012	12,628
Prepaid expenses	1,392	506
	22,427	17,639
Property and equipment:		
Furniture, fixtures and portable equipment	5,708	12,130
Other equipment	6,916	7,117
Computers	4,385	1,961
Land and buildings	11,706	12,046
Capital and leasehold improvements	21,374	19,961
	50,089	53,215
Less accumulated depreciation and amortization	35,894	40,003
	14,195	13,212
Assets under capital lease	10,831	10,831
Less accumulated amortization	7,462	6,929
	3,369	3,902
	39,991	34,753

Liabilities	1999	1998
Current liabilities:		
Accounts payable and accrued liabilities	16,814	16,119
Current portion of obligations under capital leases (note 2)	279	243
	17,093	16,362
Long-term liability:		
Obligation under capital lease (note 2)	8,848	9,127
Due to Minister of Finance:		
Balance, beginning of year	9,264	19,585
Remittances	9,264	19,585
	–	–
Current year:		
Net income	129,223	118,429
Remittances	115,173	109,165
Balance, end of year	14,050	9,264
Operating leases (note 3)		
	39,991	34,753

See accompanying notes to financial statements.

THE NOVA SCOTIA LIQUOR COMMISSION

Statement of Income

Year ended March 31, 1999, with comparative figures for 1998
(In thousands of dollars)

	1999	% of Sales	1998	% of Sales
Net sales	351,662	100.0	331,868	100.0
Cost of goods sold	176,451	50.2	167,563	50.5
	175,211	49.8	164,305	49.5
Stores' operating expenses	31,359	8.9	30,218	9.1
Income, store operations	143,852	40.9	134,087	40.4
Depreciation	3,898	1.1	5,121	1.6
Warehousing and distribution expenses	3,774	1.1	3,563	1.1
Administrative expenses (note 4)	8,306	2.4	7,762	2.3
Other revenue	(2,657)	(0.8)	(2,950)	(0.9)
Other expenses	514	0.1	1,157	0.3
	13,835	3.9	14,653	4.4
Income before unusual item	130,017	37.0	119,434	36.0
Early retirement program	794	0.2	1,005	0.3
Income from operations	129,223	36.8	118,429	35.7

See accompanying notes to financial statements.

THE NOVA SCOTIA LIQUOR COMMISSION
Statement of Changes in Financial Position

Year ended March 31, 1999, with comparative figures for 1998
(In thousands of dollars)

	1999	1998
Cash provided by (used in):		
Operations:		
Income from operations	129,223	118,429
Depreciation and amortization not involving cash	3,898	5,121
Gain on sale of property and equipment	(438)	–
Change in non-cash operating working capital	(2,913)	8,082
	129,770	131,632
Financing:		
Principal payments on obligations under capital lease	(243)	(211)
Investments:		
Additions to property and equipment	(4,348)	(4,496)
Proceeds on sale of property and equipment	438	–
	(3,910)	(4,496)
Other:		
Remittances to Minister of Finance	(124,437)	(128,750)
Increase (decrease) in cash	1,180	(1,825)
Cash, beginning of year	2,628	4,453
Cash, end of year	3,808	2,628

See accompanying notes to financial statements.

THE NOVA SCOTIA LIQUOR COMMISSION
Notes to Financial Statements
Year ended March 31, 1999

The Nova Scotia Liquor Commission administers the Liquor Control Act, Chapter 260 of the Revised Statutes of Nova Scotia, 1989.

1. Significant accounting policies:

(a) Inventories:
Inventories of stock in warehouse and stores are valued at the lower of cost and net realizable value.
Customs and excise tax have not been included where payment is due upon shipment from bonded warehouse.

(b) Property and equipment:
Property and equipment are stated at cost. Depreciation and amortization are provided on the straight-line basis at the following annual rates:

Asset	Rate
Furniture, fixtures, portable equipment, other equipment and capital and leasehold improvements	10%
Computers - stand-alone	33%
Computers - integrated systems	20%
Land and buildings	5%

In the year of addition, depreciation is charged at the full annual rate.
Land costs which normally would not be depreciated are depreciated due to the retention of proceeds by the Province of Nova Scotia.

(c) Assets under capital lease:
Assets under capital lease are amortized over their estimated useful lives using the straight-line method.

2. Obligation under capital lease:
The Nova Scotia Liquor Commission has an obligation under a capital lease, which matures in 2011. The obligation represents the total present value of future minimum lease payments discounted at the rate implicit in the lease which is 13.8%. The following is a schedule by years of future minimum lease payments together with the balance of the obligation under capital lease as of March 31, 1999:

2000		$1,536,000
2001		1,537,000
2002		1,536,000
2003		1,537,000
2004		1,536,000
2005 – 2011		11,907,000
Total minimum lease payments		19,589,000
Less amount representing interest		10,462,000
Balance of obligation		9,127,000
Less current portion of obligation under capital lease		279,000
	$	8,848,000

3. Operating leases:
The Nova Scotia Liquor Commission leases buildings, premises and equipment under operating leases which expire at various dates between 2000 and 2011. Some of these operating leases contain renewal options at the end of the initial lease term. The following is an approximate schedule by years of future minimum rental payments required under operating leases that have initial lease terms in excess of one year, as of March 31, 1999:

2000	$	2,779,000
2001		2,239,000
2002		1,792,000
2003		1,215,000
2004		931,000
2005 - 2011		3,225,000
Total minimum payments required	$	12,181,000

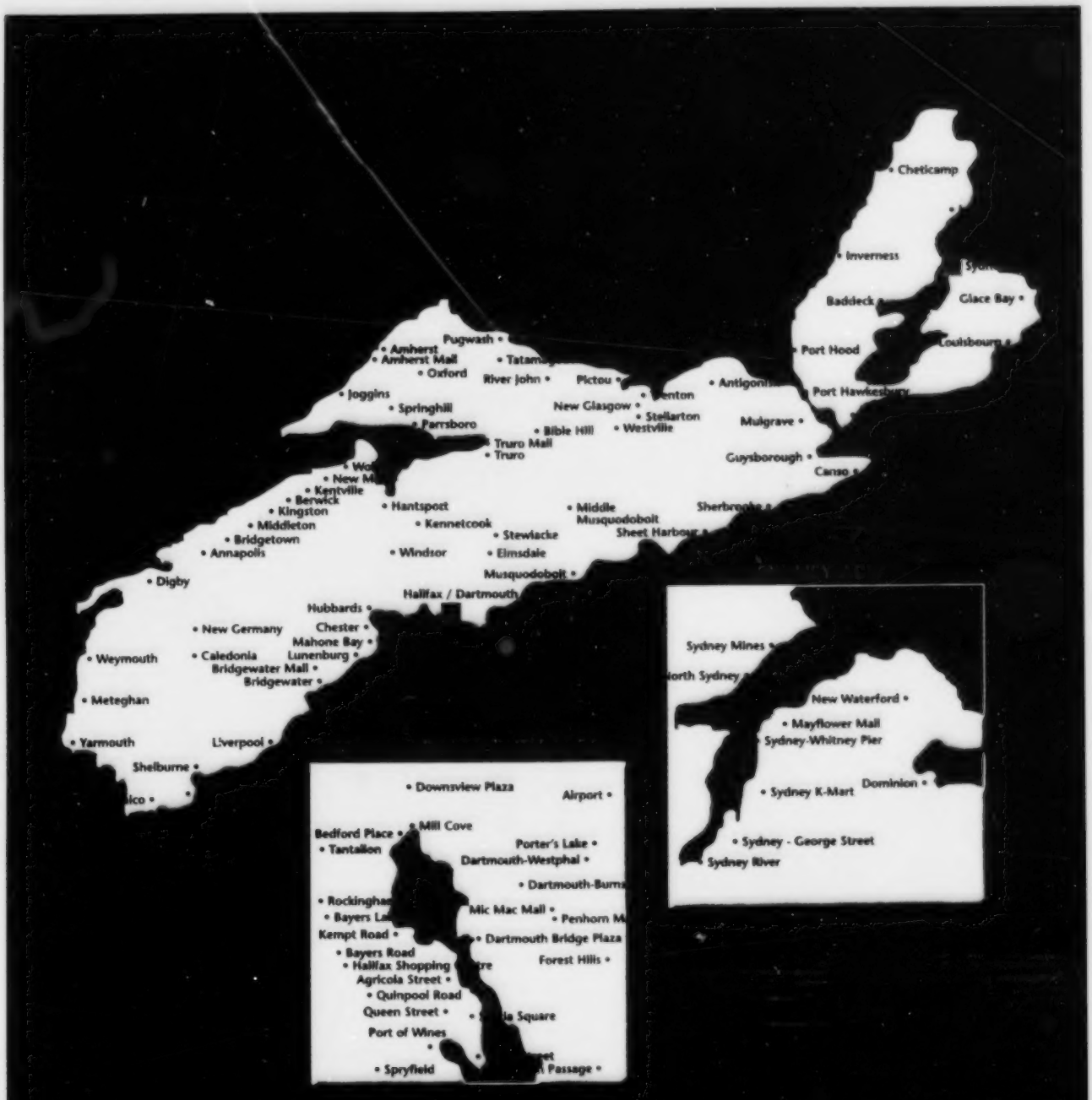
THE NOVA SCOTIA LIQUOR COMMISSION
Notes to Financial Statements, page 2
Year ended March 31, 1999

4. Administrative expenses:
Administrative expenses also include the following:

	1999	1998
	(In thousands of dollars)	
Interest on obligation under capital lease	$ 1,294	$ 1,353

5. Pension plan and retirement obligations:
Full time employees of the Nova Scotia Liquor Commission are members of the Nova Scotia Public Service Superannuation Plan.

6. Uncertainty due to the Year 2000 issue:
The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect the Nova Scotia Liquor Commission's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the Nova Scotia Liquor Commission, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.


Cheticamp
Inverness
Baddeck
Glace Bay
Port Hood
Louisbourg
Pugwash
Amherst
Amherst Mall
Oxford
River John
Pictou
Antigonish
Port Hawkesbury
Joggins
Springhill
Parrsboro
New Glasgow
Stellarton
Westville
Mulgrave
Bible Hill
Truro Mall
Truro
Guysborough
Canso
Kentville
Berwick
Kingston
Middleton
Bridgetown
Annapolis
Digby
Hantsport
Kennetcook
Stewiacke
Middle Musquodobolt
Sheet Harbour
Windsor
Elmsdale
Musquodobolt
Hubbards
Halifax / Dartmouth
New Germany
Chester
Mahone Bay
Lunenburg
Caledonia
Weymouth
Bridgewater Mall
Bridgewater
Meteghan
Yarmouth
Liverpool
Shelburne
Sydney Mines
New Waterford
Mayflower Mall
Sydney-Whitney Pier
Dominion
Sydney K-Mart
Sydney - George Street
Sydney River
Downsview Plaza
Airport
Mill Cove
Bedford Place
Tantallon
Porter's Lake
Dartmouth-Westphal
Mic Mac Mall
Penhorn
Kempt Road
Dartmouth Bridge Plaza
Bayers Road
Forest Hills
Agricola Street
Quinpool Road
Queen Street
Port of Wines
Spryfield

EFFICIENT MONETARY MANAGEMENT

36.8%
PROFIT

9.8%
STORE OPERATIONS

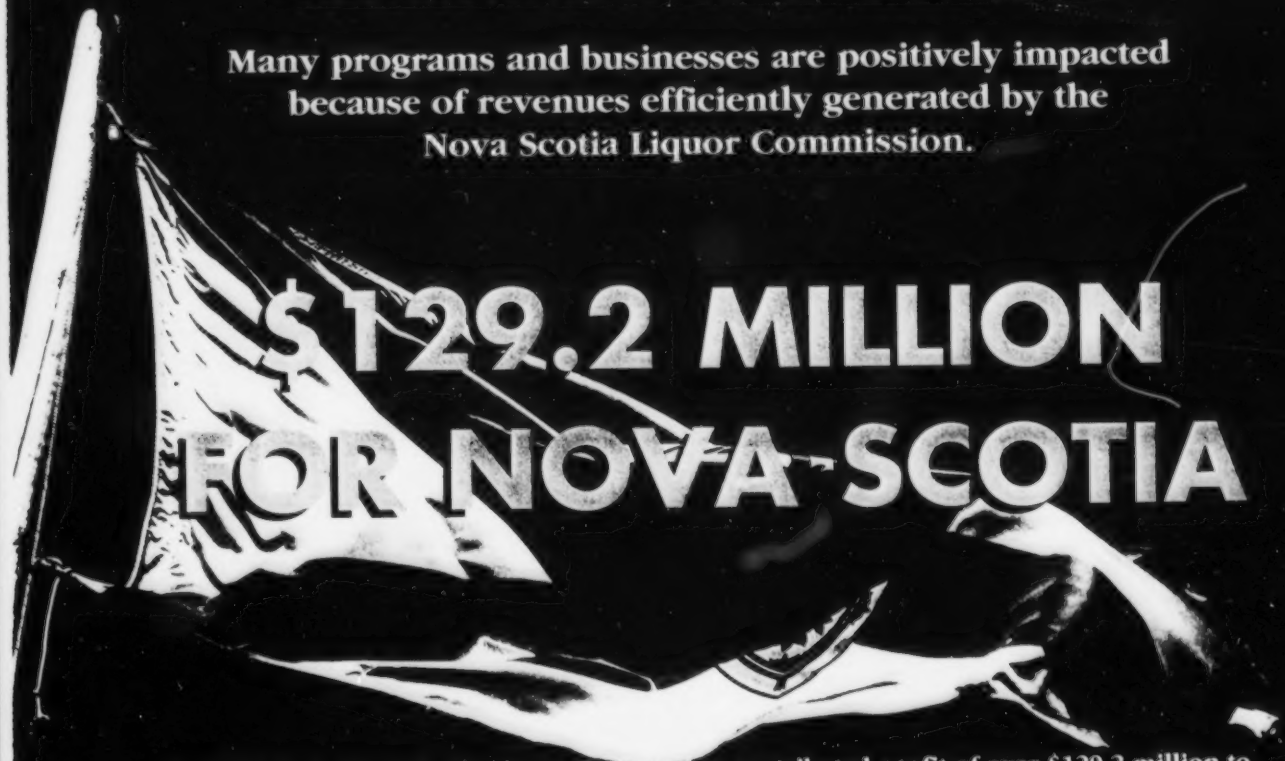
1.8%
WAREHOUSE & DISTRIBUTION

1.4%
ADMINISTRATION

50.2%
COST OF STOCK

In 1998/99, over and above the $129.2 million profit, the NSLC collected nearly $52.4 million on behalf of the Provincial & Federal Governments (Harmonized Sales Tax).

Many programs and businesses are positively impacted because of revenues efficiently generated by the Nova Scotia Liquor Commission.



$129.2 MILLION FOR NOVA SCOTIA

In 1998/99 the Nova Scotia Liquor Commission contributed profit of over $129.2 million to the Province of Nova Scotia. These funds were put to work funding worthwhile programs, building roads, helping pay for schools, education, and community projects.